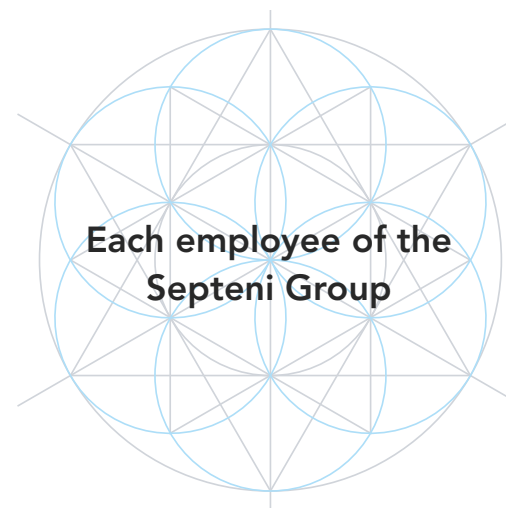


### The Septeni Group's Strengths (Operating System) for the Creation and Evolution of Businesses (Applications)

**Tough** ▶ Page 25

The Septeni Group's greatest asset is its human resources: employees who possess a good sense of ownership and a strong entrepreneurial spirit. To promote their active participation, we use an AI-based personnel system that takes advantage of our extensive human resource database and technologies.

In addition, the Group has fostered a unique corporate culture of being tough, gentle and fun, so our human resources can more fully demonstrate their potential.



**Gentle** ▶ Page 26

**Fun** ▶ Page 27

About Our Corporate Logo



**SEPTENI**

The Septeni Group renewed its corporate logo in October 2018. In creating the new logo, we decided on a concept and design that expresses the Group's strengths. The Septeni Group will take on challenges in new markets and new worlds as it works to fulfill its Mission of "Inspiring the world with entrepreneurship."

For details, please visit our website at <https://www.septeni-holdings.co.jp/corporatedesign/> (Japanese only)

## Tough

Getting results by always choosing the more substantial change with an entrepreneurial spirit

New university graduates recruited online:<sup>1</sup>

**100%**

Total number of members of cross-divisional committees:<sup>2</sup>

**107**

1. New graduate recruiting for 2020 (graduating in March 2021)

2. Cumulative, fiscal years ended September 2016-2020

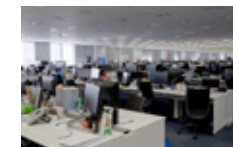
## Response to Change

### Online Recruiting of New University Graduates

Since our recruitment of 2018 graduates, we have been conducting recruiting in which the entire selection process is completed online for students living in regions outside major urban centers, who would otherwise face substantial burdens in terms of time and costs. In February 2020, in response to the COVID-19 pandemic we decided to leverage this know-how to bring new graduate recruiting online for students living in all regions. We conducted recruiting activities that kept the need to visit the Company to a minimum so that students could take part in the selection process with peace of mind.

### Transition to Remote Work

In response to the COVID-19 pandemic, we transitioned to a telecommuting system, in principle, from late February 2020. Regarding impact on employees' duties, which had been a concern, the operational improvements and infrastructure upgrade we had been implementing as part of work style reforms have been successful, with a majority of employees responding to an internal survey that they had no problems.



## A Good Sense of Ownership

### Essay Contest

Each year, we set a theme related to the Company's future, with a call for essays on how entrants can and should take ownership to address Company issues. Awards are given for the best essays. We receive numerous entries every year from first-year employees to veterans, and we make award-winning essays available for viewing within the Company.



### A Culture of Committees

We operate cross-divisional voluntary Group projects including the 7th Code Project to instill our philosophy, the hug-kumi Committee, which aims to support working women and childcare and to improve work-life balance for all employees, the LGBT-related SEPALLY RAINBOW, and the ECHO Project for environmental initiatives. Employees actively take part in these committees with a sense of ownership to create a better environment and improve corporate value.



## Gentle

Sharing successful experiences and growth opportunities with all employees through systemization while also accepting diversity

BLP graduates who have become business managers:<sup>3</sup>

# 87.5%

Receipt of Gold Award on the PRIDE INDEX:<sup>4</sup>

# 3rd

consecutive year



3. As of September 30, 2020

4. From 2018 to 2020

## Promotion of Diverse Work Styles

### Diversity and Inclusion

We believe that the independent and valuable work of employees from various backgrounds contributes to business results, leading in turn to the sustainable growth of the Group. Based on this belief, we promote and support diverse work styles, as stated in "Diversity," one of the guidelines of our code of conduct, the Septeni Way. In addition to efforts such as promotion of women's participation and LGBT-related initiatives, we are also actively engaged in activities to spread awareness of the significance of diversity and inclusion through workshops and other methods.

### Side Job System

In 2017, the Company lifted its prohibition on employees taking on side jobs, subject to approval. We promote diverse work styles in the belief that individuals who acquire new skills and experiences from their interests outside the Company will be more engaged in their main jobs. Currently, more than 70 of our employees have side jobs.



## Systems Supporting Growth

### Business Leadership Program (BLP)

A development program specializing in management to train future senior management candidates. Applicants who are selected attend an external business school for two years free of charge.



### A Culture of Praise

Both the Group as a whole and individual Group companies hold events for employees to recognize and praise each other's efforts. These include awards given for individual and team activities, such as the Group Annual MVP, and the Hinerankai Awards, held each year for employees to commend each other and express mutual gratitude.



## ★ Fun

Finding fun in accomplishing difficult tasks through our unique methods

Total entries in the “gen-ten” new business plan contest:<sup>5</sup>

**209** teams  
(9 years cumulative)

Receipt of HR Technology Award:<sup>6</sup>

**5th** consecutive year  
(a record high)



5. From 2012 to 2020

6. From 2016 to 2020

## gen-ten: A Way of Creating New Businesses

An annual in-house contest for new business plans. Applicants whose plans are highly rated and who show strong enthusiasm for developing their proposed businesses pursue commercialization of their plans at a Group subsidiary specializing in business incubation.



## Human Capital Lab

To maximize each employee's performance, we have established the Human Capital Lab, which specializes in human resource data research. There, we compile and analyze the extensive human resource data we have accumulated for use in management decisions and human resource development. In addition to publicly announcing and sharing in-house case studies and research results outside the Group, we are working to generate further innovation through joint research with external parties.



## Instilling the Corporate Philosophy and Code of Conduct

Employees can volunteer to work on the 7th Code Project, a cross-divisional Group project for instilling the corporate philosophy and code of conduct, which form the core of the Septeni Group's culture. Chaired by Group representative Koki Sato, the project is conducting various measures to enjoyably increase understanding of and buy-in to the corporate philosophy and code of conduct.





## An Outside Director's Perspective on the Septeni Group's Human Resources and Corporate Culture

### Isamu Ueno

Group Senior Executive Officer  
Representative Director,  
SEPTENI HOLDINGS CO., LTD.

Since joining the Company in 1998, Mr. Ueno has mainly been involved in personnel matters. While leading the Group's HR management as Director and Manager of Personnel and Administration, he used a scientific approach to conceiving a framework for human resource development initiatives. Since 2012, he has been promoting awareness-raising activities among relevant departments within the Group for introducing and following up on unique HR recruiting and management technologies. In 2017, he became Group Senior Executive Officer (current position), and in 2018 he was appointed Representative Director of the Company (current position).

## Achieving Highly Consistent Human Resource Management with Recruiting and Development Systems That Utilize Human Resource Technologies while Respecting the Company's Origins

### Yoshiki Ishikawa

Outside Director,  
SEPTENI HOLDINGS CO., LTD.

After graduating from the School of Integrated Health Sciences, Faculty of Medicine, University of Tokyo and completing a master's degree from Harvard University Graduate School of Public Health, Mr. Ishikawa received a doctorate in medicine from Jichi Medical University. His areas of expertise include preventive medicine, behavioral science, computational creativity and conceptual engineering. He is conducting interdisciplinary research with companies and universities on what it means for people to live well. He was appointed Director of Cancer Scan Co., Ltd. (current position) in 2008 and Representative Director of Well-Being for Planet Earth Foundation (current position) in 2018. In 2019, he was appointed External Director (Audit & Supervisory Committee Member) of Sansan, Inc. (current position) and External Director, Gaiax Co. Ltd. (current position). In December 2019, he was appointed Outside Director of the Septeni Group (current position).



What are the characteristics of the human resources that constitute the core value of the Septeni Group? What are the processes for developing and deploying human resources with a strong sense of ownership and entrepreneurial spirit? The following exchange of views between Representative Director Isamu Ueno and Outside Director Yoshiki Ishikawa, who offers an objective perspective, provides some answers.

## What do the people who join the Septeni Group have in common?

**Ishikawa:** I think the uniqueness of Septeni's people can be summed up in the words "entrepreneurship" and "tough, gentle and fun." What they share is the first impression they give—frivolous (laughs). Beneath this air of frivolity, though, is a strong personality. Actually, they are gentle and considerate. In addition, they are constantly thinking about how to find fun in their work. In fact, since I became an Outside Director, I have met one employee after another who incorporates these three seemingly disparate traits. I think the order of these characteristics is also important. First and foremost, Septeni's people must be tough to produce results through independent actions. Next, they must be gentle, enabling them to accept diversity within the organization. Finally, they must be able to find fun in what they do. Through my interactions with Septeni people, I have gained a sense that the origins and values of Septeni are alive and well throughout the organization.

**Ueno:** Among the characteristics you mentioned, people who excel at entrepreneurship and act independently are a distinctive feature of Septeni.



**Ishikawa:** I think so, too. However, the word "entrepreneurship" may be misleading. It's not that entrepreneurial personnel are working individually. Rather, employees work as teams, generating innovation through repeated trial and error. That approach leads to the Company's strength.

## What led to the decision to use data and AI for recruiting and human resource development?

**Ueno:** Our business expanded rapidly in the first half of the 2000s. For a time, we had a lot of trouble because the efficiency of our recruiting and human resource development was not improving. At one point, Representative Director Koki Sato advised me that using the same approach and methods as our competitors would not improve the efficiency of our human resource development. He suggested that we consider searching for the "right fit" for Septeni. Since then, our policy has been to start by defining the characteristics of people with the potential to become fully contributing members of our organization and then searching the market for suitable applicants. This policy was the basis for our "Formula of Development" concept, which we established through a process of trial and error.

Formula of  
Development

$$\text{Growth} \quad \text{Personality} \quad \text{Environment} \quad \text{Team} \quad \text{Work}$$

$$G = P \times E (T + W)$$





This formula expresses the principle that providing a suitable workplace environment (E) based on an individual's innate personality (P) will lead to that individual's growth (G) by building upon high-quality experiences in the Company. Based on this concept, we use our model for predicting future performance to identify individuals who are compatible with the Company. We prepare an environment and training program tailored to each new employee from a scientific point of view based on our data. Our model is still a work in progress, but our accuracy in hiring and efficiency in human resource development have improved.

**Ishikawa:** When I heard about this model, I wondered why you decided to take a very different approach and switch to a data and technology-based personnel system instead of hiring people through subjective judgment based on a review of documents and interviews, like most companies do. But from the very beginning the Septeni Group's management has been one half-step ahead of the times. These processes driven by the latest human resource technology are emblematic of that approach, and the result is highly consistent human resource management. I think this is a Septeni Group advantage that other companies do not have.

**Ueno:** That is an important point. We have continued to search for the "right fit" within our organization, rather than using the kind of personnel system that is common in other Japanese companies. This initiative aims to encourage employee entrepreneurship and maximize individual performance. In addition, for the past few years, we have been focusing on enhancing our human resource development system through the use of AI and other means, enabling us to place employees in teams and jobs that make the most of each individual's way of thinking and behavioral characteristics.

## What issues and risks must the Septeni Group face in order to grow going forward?

**Ishikawa:** Millennials and members of Generation Z will soon make up about half of Japan's working population, and generational change will be sudden. Gen Zers have been called SDG natives with a strong interest in sustainability and well-being. We must be a company that the younger generations find appealing and choose to join.

**Ueno:** I see. That is why we intend to further improve the accuracy of the Formula of Development and provide a fertile environment for employee growth with opportunities to choose a better career. Using the Formula of Development as the basis to provide an environment where employees can be happy playing an active role and growing in their own way seems to me to be a suitable system for their well-being.

**Ishikawa:** The Septeni Group is constantly improving its internal processes with an emphasis on its accumulated data and scientific knowledge, while respecting the Company's philosophy and origins. Through these efforts, you are gradually building up highly consistent human resource management methods. The act of building a track record of results may not be very exciting. It seems like something anyone can do, but no one else has been able to do it continuously over such a long period. This is a distinctive feature of the Septeni Group. As it further evolves its current systems, the Group is certain to be able to continue providing an environment where all employees, including Gen Zers, can be tough and gentle and find fun in what they do.

“By accumulating data as the basis for improvements, you have done something that no one else has been able to do continuously over such a long period. This is a distinctive feature of the Septeni Group.”



“We intend to further improve the accuracy of the Formula of Development and provide a fertile environment for employee growth with opportunities to choose a better career.”